1	2	3	4
Duncans Industries Ltd.	533.83	683.42	312.19
TATA Chem. Ltd., Babrala	439.17	374.03	223.50
W.B. Mineral Devp	0.36	0.00	—
Coromandal Ferts. Ltd.	-3.75	1.09	0.17
HFCI, Durgapur	0.00	0.00	0.01
Total	**8670.00**	**9480.00**	**7426.76**

Diversification of IFFCO

935. SHRI P.N. SIVA: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether Government propose to diversify the activities of IFFCO in the insurance sector; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SATYA BRATA MOOKHERJEE): (a) and (b) IFFCO, KRIBHCO and Indian Potash Ltd. in collaboration with Tokio Marine and Fire Insurance Company, Japan have incorporated a joint venture company under the name and style of IFFCO-TOKIO General Insurance Company Ltd. on 8th September, 2000. The company obtained a certificate to commence business from the Registrar of Companies and also a license from the Insurance Regulatory and Development Authority on 4th December, 2000. The company is presently marketing 35 products.

Production cost of fertilizers

936. SHRI SURESH PACHOURI: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is a fact that the fertilizer subsidy is given to cover the high cost of fertilizer industry;

(b) if so, the increase in the cost of production of fertilizers in both the public and private sectors, since 1998; and

(c) the efforts made by Government to minimise the cost of production and to increase efficiency of plant use?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SATYA BRATA MOOKHERJEE): (a) Under Retention Price-cum-Subsidy Scheme, the retention prices (cost of production plus 12% post tax return) are fixed unit-wise having regard to a combination of norms and actuals of various cost elements. Operational cost of production of urea units differs not only from unit to unit but also from month to month, depending upon, *inter-alia*, the health and vintage of the plant, the feedstock used, the levels of capacity utilization, specific consumption and inputs cost. Average retention price of urea produced by the fertilizers industry is normally higher than the maximum retail price of urea fixed by the Government under the Essential Commodities Act. Hence, subsidy is given on fertilizer produced to meet the excess cost over the maximum retail price fixed by the Government.

(b) Increase in the average production cost of urea fertilizer produced by both private and public sector as per Retention Price Scheme (RPS) since 1998 is given as under:

Year w.e.f.	Cost of Production considered in Retention Price (including 12% Post Tax Return)
1.4.1998	6823
1.4.1999	6899
1.4.2000	7960
1.4.2001	8196

(c) The efforts made by Government to minimize the cost of production of fertilizer and to increase the efficiency of plant use are as under:

(i) Incentive is offered by Government under RPS for installation of energy saving devices to bring down to cost of fertilizer.

(ii) Production cost recognized under RPS eligible for subsidy is based on a combination of norms and actuals. Accordingly,

producers are required to acheive the norms and consequently, reduce the production cost to maintain/improve profitability.

(iii) RPS provides for certain capacity utilization norms based on which the retention prices are worked out. There is a built in incentive to achieve capacity utilization level to improve the profitability which also result in reduction in cost.

(iv) Various measures are taken to reduce the production cost by way of grant of 3% interest concession under the Interest Concession Scheme on long term loans.

(v) Reduction in input cost of Urea by fixation of liquid petroleum products prices at import parity levels w.e.f. 9.7.2001.

Alagh Committee recommendations of urea pricing

937. SHRI NANA DESHMUKH: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether recommendation of Dr. Y.K. Alagh Committee and Expenditure Reforms Committee on new pricing policy for urea units have been received;

(b) if so, what are the main recommendations;

(c) Government's decision thereon;

(d) by when these would be implemented; and

(e) whether the new pricing policy would bring down the fertilizer subsidy; if so, the quantum thereof?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SATYA BRATA MOOKHERJEE) (a) Dr. Y.K. Alagh Committee has submitted its report on reassessment of productioin capacity of urea manufacturing units in March 2001. Expenditure Reforms Commission (ERC) has submitted its report entitled "Rationalizing Fertilizer Subsidies" in September 2000.

(b) The main recommendations of Dr. Y.K. Alagh